

Capital Projects Advisory Review Board
Board Development Committee

Meeting Notes 04/01/2025

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Committee members in attendance unless otherwise noted:

Bill Frare, Co-Chair, Owner State		CPARB
Linneth Riley-Hall, Co-Chair, Owner Transit		CPARB
Lekha Fernandes, OMWBE		CPARB
Bruce Hayashi, Architects/Labor/Other	<i>Absent</i>	CPARB
Dave Johnson, General Contractors		CPARB
Santosh Kuruvilla, Owner Engineers		CPARB
Jessica Murphy, PRC Leadership	<i>Absent</i>	PRC
Mike Pellitteri, Specialty Subcontractors		PRC
Irene Reyes, Private Industry	<i>Absent</i>	CPARB
Olivia Yang, Owner Higher Ed		CPARB
Janice Zahn, Owner Ports	<i>Absent</i>	CPARB

Other attendees included:

Eza Agoes, Sound Transit
Talia Baker, CPARB Staff
Jessica Letteney, Maul Foster & Alongi, Inc.
Jon Rose, Municipal Research and Services Center of Washington (MRSC)

Co-Chair Bill Frare called the meeting to order at 4:07 p.m. A quorum was established.

Review and approve agenda – Action

Co-Chair Frare reviewed the agenda and asked for any amendments. No edits were forthcoming.

Olivia Yang moved to approve the agenda, seconded by Lekha Fernandes. The motion was passed by a voice vote.

Review and approve minutes from 03/04/2025 – Action

Co-Chair Frare asked the group to review and provide any edits to the minutes from the March 4, 2025, meeting. No edits were forthcoming.

Co-Chair Frare moved to approve the minutes, seconded by Mike Pellitteri. The motion was passed by a voice vote.

Strategic Planning

The group reviewed the list of issues and agreed to wait until both Dave Johnson and Jessica Murphy were present before they discussed the Project Review Committee (PRC).

Olivia noted that, regarding #1 on the list, Owner/stakeholder readiness, several different groups—such as the University of Washington Construction Management Program, PRC, and MRSC—are making presentations on, providing information about, or have programs on owner readiness. Because of this she raised the issue of determining the “public works cop for enforcement”. She believes that mutual accountability will take care of 80 percent of the problems, so there is no real need for a “public works cop”.

Co-Chair Riley-Hall said that the responsibility for providing information on owner readiness lies with the PRC. Anyone can teach a class on anything but, if they are not owners, they are just teaching. Olivia agreed the best judge of owner readiness is another owner and she would like to see owners talk to each other in a way that is constructive and positive.

Dave Johnson clarified that MRSC reached out to PRC chairs last December when MRSC conducted a one-off Owner Readiness Webinar. There may be another series tied into PRC activities. PRC and MRSC met and discussed but have not come up with specific actions for next steps. All agree something more should be done.

Olivia noted that the Education Committee had some panel members attend. One insight from the Owner Readiness Webinar was a lot of owners get advisors, owner’s representatives, contract managers, or lawyers.

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An owner may get a lawyer who interprets the Revised Code of Washington (RCW), and next thing they are being contacted for not following RCW. The advisors will tell an owner what they can do, but a distinction of an owner ready to do public works is one who knows that, even if they can do something, it doesn't mean they should do it.

Co-Chair Riley-Hall clarified that an owner will know when they are ready to go to PRC, but not necessarily when they are ready to do alternative public works. They are two different things.

Co-Chair Frare said he believes an owner should decide whether it is ready based on research and due diligence. CPARB's role is to make sure materials and mentors are ready and available to help build readiness but accountability rests with the owner itself. If an owner is not prepared to do a project, it's their financial loss. They must ensure their project will be a success if they choose to use alternative public works.

When alternative public works started being adopted in Washington, few contractors, consultants, or owners understood how it worked. The Legislature looks to CPARB and the PRC to protect the industry and evaluate whether projects are successful, but alternative procurement has never been evaluated on a grand scale across the state. Co-Chair Frare shared his vision for the future of checks & balances. An owner should be required to do some sort of analysis as to whether alternative public works is appropriate for a project using parameters such as project goals, time, money, complication, historical significance, lack of available as-built records, and if the project is on an occupied site. At the end of the project, the owner would report whether objectives were met. CPARB would then take those reports and periodically update members of the Legislature. For example: *"The State of Washington has completed <some number> Design-Build projects and <another number> General Contractor/Construction Manager (GC/CM) projects. These alternative public works projects have been a benefit to taxpayers, saving time and costs. <Total number> projects saved money and <new number> of projects were delivered on time."* By stating goals and reporting on performance metrics, CPARB can give the Legislature confidence that alternative public works is a good tool for public agencies to use to deliver projects. In a perfect scenario a PRC would not be needed. Perhaps the PRC would become the group that reviews the packages, amalgamating the information, producing the report, and providing it to the Legislature. One bad actor in 250 projects done this way won't kill the industry; it's just an indicator that the agency was not ready for alternative project delivery.

Mike Pellitteri noted that, while Co-Chair Frare believes owners should fail or succeed on their own, Mike feels the same way about contractors. He'd be willing to support getting rid of the responsibility criteria for contractors, as they have more to lose than owners; their livelihood is on the line if they fail.

Santosh agreed that owner readiness is an opportunity to create strong owners and encourage strong ownership styles through training. He'd like to see the creation of an owner-to-owner buddy system, with seasoned owners training new ones. Right now, the system is the use of consultants, who are not experts but are still advising the owners who need to take control of their project's destiny.

Co-Chair Riley-Hall noted that CPARB committees are always talking about enforcement, how projects are going, how to report back, and whether the owner is ready. She suggested that two times a year, CPARB invite a select number of owners to give a 15-minute presentation on how their projects have been going since they were approved by PRC. The presentations would cover challenges and how they addressed them. Co-Chair Frare agreed that it would be good to distribute information about best practices and lessons learned to owners so they can course-correct and/or give each other feedback on what they might do. Currently, there are limited opportunities for CPARB to hear what's going well in the market, to correct the perception that projects are not going well. She also noted that this is not a suggestion to make changes to statute.

Talia Baker shared that she tracks every project that goes to PRC. CPARB could review the list, decide on what parameters they want to have presentations on, and invite a couple of owners to present on their project status.

Dave Johnson, PRC Vice Chair, said that there needs to be a venue where owners and contractors can talk about challenges and issues. PRC strives to make sure that owners can clear certain thresholds so they can be successful. There must be checks and balances when issues arise, and there needs to be a way to address them so owners and others are not just appealing to their favorite legislator. There may be a need to

develop some form of guard rails to help get owners going in the right direction.

Olivia asked the group to consider how they know when an owner is ready, if a project is on schedule or within budget. She would like to learn how the owner stayed within budget. There is hope that good teamwork is the norm, but issues do come up. She would like to see some way of identifying when something isn't working and so there may be a way to bring the project back on track.

Talia shared the new Potential RCW 39.10 Violations Reporting Form that will soon appear on the CPARB and PRC website and will provide an avenue for issues to be addressed. Initially, there will likely be a flurry of forms submitted, and that information will show what is missing in the processes and information that will help guide CPARB on what needs more attention.

Mike suggested a report card that goes both ways: the contractor can fill one out for an owner and an owner can fill one out for contractor and both go to CPARB. Sound Transit, the City of Seattle, and WSDOT all have forms for contractors, either at project completion or as annual evaluations. A contractor may be less willing to give candid feedback because that might endanger their chances of getting the next job with an owner.

Olivia has participated in a process like this and suggested that the format of the questions could help take care of potential conflicts. A question measuring how long it took to get answers to the RFI gathers data and becomes a metric instead of a subjective opinion. Questions could also cover the procurement process. This mutual grading could be a forced way to get parties to talk to each other about how they each performed. Santosh observed that it's like the Uber model in which the driver and rider rate each other and Olivia said the key lies in which factors they are rating each other on.

Dave asked the group to consider what happens next with the information gathered—whether there is a threshold before the information is reported to CPARB and CPARB takes action. Also there needs to be a discussion about the consequences for violations. Olivia's vision is that parties that rate each other must then meet and discuss what works and what doesn't. The process would not need to go further. People could talk about projects on a case study basis, highlighting the things they tried, sharing continuous improvements. If there were a grievance, then further actions would be necessary. It would be interesting to consider if there were a dispute resolution board to resolve those issues.

Dave noted that they have had varied success with dispute resolution boards for projects. He anticipates that 80 percent of owners will have healthy projects dialoging with each other to make sure the process doesn't go off the rails. He'd like the group to consider the process for when things go wrong and whether it's the mission of this committee to solve that. He wants to see a forum where problems don't fester to begin with; they end in resolution not in legislation.

Co-Chair Riley-Hall returned to the idea of reimagining the PRC and suggested a process whereby, if an owner had been recertified three (or four) times, they are no longer required to go to PRC for review. If their processes remain the same or they are improving, there could be a threshold to indicate that they have a mature process and would not have to get recertified. At some point, everyone would have gone through the cycle of being certified or have met the threshold of having done maybe ten GC/CM or DB projects successfully, and there would be no more need for PRC. She'd like the committee to consider thresholds for when they call it good.

Dave noted that the new Potential RCW 39.10 Violations Reporting Form is purely for alternative delivery and limited to potential or actual RCW violations because that is the extent of the authority of PRC and CPARB, neither of which has enforcement authority. If some mechanism for complaints is going to take the place of PRC, part of the difficulty with the limited authority is that the RCW is mostly black and white. However, dealing with best practices is more of a gray area subject to judgment and their work group did not address the gray areas.

Lekha would like to see diverse and small firms be able to participate in the report card and be part of the conversation with regards to prompt payment and reauthorization. She knows of a certified firm who is getting ready to file for bankruptcy because they haven't been paid in 18 months, and they would have been threatened with liquid damages if they had stopped working. Another firm went under last week because they

hadn't been paid. It happens frequently and right now it feels more extreme than usual.

Mike observed that there are also some firms who get pushed into contracts before they are ready for them, or they are not the prime and they must negotiate with the prime, and then the prime negotiates a contract with another firm and the diverse firm is forced into the terms of that other contract. The bigger firms may be taking a chance on a smaller diverse firm that isn't ready to participate and then it's too bad that it didn't work out. They go bankrupt and get excused from that portion of the obligation.

Lekha noted that most firms are ready, they've performed and completed work, but they are simply not getting paid. She would like to see the perspective of small diverse firms be part of the conversation about whether a contractor or owner is successful when they discuss the evaluation idea.

Dave said he has seen problems stem from a variety of different causes. Recently he has seen issues revolve around change orders and things that slow down the process. Every agency has different ways they account for change orders, and that slows down payments when the parties can't agree. All contracts say that subs need to continue working, but when a small sub gets caught up in a big ball of a change order, they can really get hurt. The committee may need to gain a better understanding of the situation.

Lekha would like to see legislation to help remedy the situation because she has seen a lot of problems recently. By Tuesday, she'd dealt with three different firms just this week. If this trend is getting to her level, something needs to be fixed.

Co-Chair Frare shared that he will not be at the April 10 CPARB meeting. He will provide Co-Chair Riley-Hall with a writeup of the presentation to give to CPARB that will follow the format of the notes and problem statements the committee has identified. Co-Chair Riley-Hall agreed to present the writeup to CPARB.

New Issues to Report Back to CPARB

Review Current CPARB Committees to determine whether they can be still relevant.

- *Not addressed at this meeting*

Issues for Next Meeting,

- Revisit owner readiness, including the idea of thresholds for owner certification and owner mentoring.
- Discuss reimaging the PRC and public works enforcement.
- Evaluate any feedback from CPARB on progress so far.

Next meeting agenda - 05/06/2025

- May 6, 2025, 4:00 – 5:00 p.m.
- Review agenda
- Approve minutes – April 1, 2025
- Get report back from April 10 CPARB meeting
- Continue discussion of issues
 - Owner readiness—Explore idea of experienced owners as mentors
 - Relationship between public works enforcement and the PRC

Action items

1. Co-Chair Frare will provide Co-Chair Riley-Hall with a writeup of the presentation to give to CPARB that will follow the format of the notes and problem statements the committee has identified.
2. Co-Chair Riley-Hall agreed to present the writeup to CPARB on April 10.

Olivia Yang moved to adjourn the meeting, seconded by Lekha Fernandes. The motion was passed by a voice vote.

The meeting was adjourned at 4:57 pm.

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Strategic Planning Issues List

Issue	Objectives	Action Needed:	Completed
1. Owner\stakeholder readiness 2. Determining who is the 'public works cop/enforcement' (<i>How to report potential violations</i>) 3. Creating a feedback loop for lessons learned	<i>Provide guidance to public agencies and collective construction industry for successful accountable public works contracting.</i>	(1) Education <ul style="list-style-type: none"> • Other Owners • MRSC – Webinar Owner\Owner • Attend PRC reviews • Mutual 'report cards'? (<i>consider small firms as well</i>) (2) Use potential violation report form – <i>soon to be online</i>	(1) In process (2) In process
4. Reimagining the PRC <ol style="list-style-type: none"> What is the role of the PRC? <ol style="list-style-type: none"> <i>Original intent?</i> <i>Current Role?</i> <i>Future?</i> Having the right people on the PRC... 	Control to ensure alternative delivery is used appropriately. Provide resources \ opportunity for project success	Review the whole PRC process Consider Public Bodies who have had (a certain #) certifications w/o issue to no longer need to go to the PRC.	
5. Defining CPARB's value add for public works <ol style="list-style-type: none"> Taking stock of accomplishments Standardize decision-making in committees and on the board (<i>recommendations include legislative reports</i>) 	# of reports / recommendations to the Legislature that have been adopted <i>Advise the Legislature on policies related to public works delivery methods and alternative public works contracting procedures.</i>		
6. Conducting an outcome-oriented review of the strategic plan (<i>sequential with priority 1 & 2</i>) <ol style="list-style-type: none"> Defining measurable goals Describing interim steps Creating actionable outcomes 7. Discussing ethical considerations for membership for CPARB, PRC or Committees <ol style="list-style-type: none"> Building in capacity (<i>bringing in individuals to participate</i>) 	Ethics Board presentation annually at CPARB and PRC BMs.	ECC take on?	
8. Reauthorization and how to streamline it; (<i>sequentially dependent on other issues being addressed</i>) <ol style="list-style-type: none"> What should the Board Development Committee's role be? (<i>regarding strategic plan and reauthorization</i>) Setting the number of years for reauthorization Reading the JLARC studies to see what they said in 2019 and 2012 			